

Book	Policy Manual
Section	600 Finances
Title	GASB Statement 34
Code	622 - New
Status	Second Reading
Legal	1. 24 P.S. 613 2. 24 P.S. 218 Governmental Accounting Standards Board, Statement No. 34
Last Revised	February 6, 2019
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Purpose

The Joint Operating Committee recognizes the need to implement the required accounting and financial reporting standards stipulated by the Pennsylvania Department of Education.[\[1\]](#)

The primary objectives of implementing the Governmental Accounting Standards Board (GASB) Statement 34 are to assure compliance with state requirements and to properly account for both the financial and economic resources of the school.

Authority

Participation of the school in any such activity shall be in accordance with Joint Operating Committee policy.[\[2\]](#)

Delegation of Responsibility

The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Business Manager.

The designated individual shall be responsible for implementing the necessary procedures to establish and maintain a fixed asset inventory, including depreciation schedules. Depreciation shall be computed on a straight-line basis over the useful lives of the assets, using an averaging convention. Normal maintenance and repairs shall be charged to expense as incurred; major renewals and betterment that materially extend the life or increase the value of the asset shall be capitalized. A schedule of accumulated depreciation shall be consistent from year to year. The basis for depreciation, including groups of assets and useful lives, shall be in writing and submitted for review to the Joint Operating Committee.

The Business Manager shall prepare the required Management Discussion and Analysis (MD&A). The MD&A shall be in the form required by GASB Statement 34 and shall be submitted to the Joint Operating Committee for approval, prior to publication.

Prior to submission of the MD&A for Joint Operating Committee approval, the school's independent auditors shall review the MD&A, in accordance with SAS No. 52, "Required Supplementary Information."

Guidelines

In order to associate debt with acquired assets and to avoid net asset deficits, any asset that has been acquired with debt proceeds shall be capitalized, regardless of the cost of the asset. The asset life of these assets shall be considered relative to the time of the respective debt amortizations.

For all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the fixed assets accounts shall be not less than \$4,000.

The capitalization threshold shall be set at a level that will capture at least eighty percent (80%) of all fixed assets.

The assets listed below do not normally individually meet capitalization threshold criteria:

- 1. Library books.**
- 2. Classroom texts.**
- 3. Computer equipment.**
- 4. Classroom furniture.**

These asset category costs shall be capitalized and depreciated as groups when that group's acquisition cost exceeds the capitalization threshold in any given fiscal year.

For group asset depreciation purposes, the estimated useful life of the group may be based on the weighted average or simple average of the useful life of individual items, or on an assessment of the life of the group as a whole. Periodically, the school shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.

Assets that fall below the capitalization threshold for GASB 34 reporting purposes may still be significant for insurance, warranty service, and obsolescence/replacement policy tracking purposes. The school may record and maintain these non-GASB 34 asset inventories in subsidiary ledgers.